

Canada Revenue  
AgencyAgence du revenu  
du Canada

Ms. Pamela Harakh  
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Guyana Burn and Health Care Charitable Foundation  
66 Major MacKenzie Drive West  
Richmond Hill On L4C 3S2

May 1, 2012

**Subject: Use of tax receipted funds**

This letter is in response to your correspondence received April 18, 2012, concerning the use of tax receipted funds by a registered charity.

As I explained in our telephone conversation on today's date, a charity cannot issue a receipt for a donation if the donor has directed the charity to give the funds to a specified person or family. The donor can request that the gift be used in a particular program operated by the charity. Donors can give to a particular program once the charity has identified a beneficiary, however the charity must be able to reallocate the donated funds within the program as it deems appropriate.

I am enclosing the following documents for your information:

- CSP-G05, *Gift (directed)*
- *What is a gift?*

We also remind you that under the *Income Tax Act*, a registered charity may only use its resources (funds, personnel, and property) inside or outside Canada in two ways:

- It can carry out its own charitable activities. These activities are usually carried out by persons under the registered charity's immediate control (for example - members, employees, or volunteers), or by its intermediaries (for example - agents or contractors).
- It can make gifts to qualified donees (usually other registered charities). Individuals, not-for-profit Canadian corporations, and most organizations outside Canada, such as foreign charities and international aid agencies, are **not** qualified donees.

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When working through intermediaries, the charity must be able to demonstrate that it takes an **active and controlling part** in a program or project that directly achieves its charitable purposes and should:

- obtain reasonable assurances, **before** entering into an arrangement, that the intermediary is able to deliver the services required by the charity (by virtue of their reputation, expertise, years of experience, etc.);
- ensure that all activities to be conducted are charitable and that they further the charity's charitable purposes;
- develop a structured arrangement with the intermediary that clearly describes what the intermediary will do on behalf of the charity, and provides the charity with sufficient ongoing direction and control over the use of its resources. (A written arrangement containing the minimum elements outlined in CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada*, is strongly recommended.); and
- regularly monitor the progress of the activities and be in a position to account to the Canada Revenue Agency (CRA) for the use of all its resources.

Please do not hesitate to contact me at 1-800-267-2384 if you wish to discuss this matter further. You can also write to us at the Client Service Section, Charities Directorate, Canada Revenue Agency, Ottawa ON K1A 0L5.

For additional information regarding guidelines and policies for registered charities, please visit our Web site at [www.cra.gc.ca/charities](http://www.cra.gc.ca/charities).

Yours sincerely,

